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FORM 10Q

Securities and Exchange Commission
Washington, D.C. 20549

Form 10Q

☑ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

or

☐ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter ended:	June 30, 1992
Commission file number:	I-8319
Registrant:	**GATX CAPITAL CORPORATION**
State of incorporation:	Delaware
IRS Employer Identification Number:	94-1661392
Address of principal executive offices:	Four Embarcadero Center San Francisco, California 94111 (415) 955-3200
Securities registered pursuant to Section (12b) of the Act:	None
Securities registered pursuant to Section (12g) of the Act:	None
Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days	All Common Stock of Registrant is held by GATX Financial Services, Inc. (a wholly-owned subsidiary of GATX Corporation).
Shares outstanding of each of the Registrant's classes of common stock:	As of July 31, 1992, Registrant has outstanding 1,031,250 shares of $1 par value Common Stock.

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

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PART I. FINANCIAL INFORMATION

GATX CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in Thousands)

	June 30, 1992	December 31, 1991	June 30, 1991
ASSETS			
Cash and cash equivalents	$ 15,386	$ 16,187	$ 7,665
Investments:			
Direct financing leases	271,620	288,599	330,891
Leveraged leases	238,852	223,788	176,384
Operating lease equipment - net of depreciation	241,129	239,743	177,102
Secured loans	247,523	261,669	270,028
Investment in joint ventures	201,915	187,245	196,364
Investment in future residuals	17,125	18,582	34,133
Assets held for sale or lease	121,871	120,831	127,363
Other investments	42,818	41,549	39,295
Less:			
Allowance for possible losses	(73,409)	(71,864)	(65,165)
Total investments	1,309,444	1,310,142	1,286,395
Due from (to) GATX Corporation	36,929	17,469	(23,401)
Intangible assets	4,333	4,508	4,949
Other assets	27,315	21,563	25,589
TOTAL ASSETS	$1,393,407	$1,369,869	$1,301,197

GATX CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in Thousands)

	June 30, 1992	December 31, 1991	June 30, 1991
LIABILITIES AND STOCKHOLDER'S EQUITY			
Accrued interest and other payables	$ 40,102	$ 48,406	$ 38,618
Debt financing:			
Commercial paper and bankers' acceptances	213,016	207,868	159,500
Notes payable	29,925	35,118	61,181
Obligations under capital leases	32,846	34,866	35,965
Senior term notes	576,523	555,324	526,709
Total debt financing	852,310	833,176	783,355
Nonrecourse obligations	99,814	98,997	118,390
Deferred income	79,710	85,885	89,419
Deferred income taxes	19,419	18,572	1,851
Stockholder's equity:			
Convertible preferred stock	1,027	1,027	1,027
Common stock	1,031	1,031	1,031
Additional paid in capital	151,902	151,902	142,482
Reinvested earnings	148,616	130,968	124,856
Equity adjustment from foreign currency translation	(524)	(95)	168
Total stockholder's equity	302,052	284,833	269,564
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$1,393,407	$1,369,869	$1,301,197

GATX CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND REINVESTED EARNINGS
(in Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
Earned income:				
Leases	$ 29,525	$ 28,440	$ 58,345	$ 53,904
Gain on disposition of equipment	5,306	8,552	12,884	23,306
Interest	5,586	6,070	11,479	13,465
Investment in joint ventures	2,176	3,633	4,724	5,590
Fees	3,890	1,499	5,165	2,587
Other	1,081	1,971	523	3,511
	47,564	50,165	93,120	102,363
Expenses:				
Interest	18,579	17,999	36,902	34,428
Selling, general and administrative	9,434	10,375	18,556	20,892
Provision for possible losses	7,000	3,000	10,000	11,000
Operating leases	4,444	4,593	9,183	7,914
Other	748	690	1,404	1,098
	40,205	36,657	76,045	75,332
INCOME BEFORE INCOME TAXES	7,359	13,508	17,075	27,031
Income taxes:				
Current income taxes	3,247	9,224	7,476	18,538
Deferred income tax benefits	(521)	(3,618)	(475)	(7,321)
	2,726	5,606	7,001	11,217
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	4,633	7,902	10,074	15,814
Cumulative effect of accounting changes	-	-	12,352	-
NET INCOME	4,633	7,902	22,426	15,814
Reinvested earnings at beginning of period	146,372	120,671	130,968	116,726
Advances on dividends paid to stockholder	(2,389)	(3,717)	(4,778)	(7,684)
REINVESTED EARNINGS AT END OF PERIOD	$148,616	$124,856	$148,616	$124,856

GATX CAPITAL CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(In Thousands)

	Six Months Ended June 30,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 22,426	$ 15,814
Adjustments to reconcile net income to net cash from operating activities:		
Provision for possible losses	10,000	11,000
Depreciation expense	7,696	6,114
Provision for deferred income tax benefits	(475)	(7,321)
Cumulative effect of accounting changes	(12,352)	-
Gain on disposition of equipment	(12,884)	(23,306)
Joint venture investment income	(4,724)	(5,590)
Changes in assets and liabilities:		
Accrued interest and other payables	(8,685)	(10,555)
Due to GATX Corporation	(5,948)	(6,827)
Deferred income	(145)	45,871
Other-net	(4,983)	(2,141)
Net cash flows (used in) provided by operating activities	(10,074)	23,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in leased equipment net of nonrecourse borrowings for leveraged leases	(33,026)	(102,240)
Loans extended to borrowers	(12,797)	(40,017)
Other investments	(35,793)	(83,958)
Total investments	(81,616)	(226,215)
Loan principal received	13,435	19,713
Lease rents received, net of earned income and leveraged lease nonrecourse debt service	12,234	32,805
Proceeds from disposition of equipment	31,502	37,813
Joint venture cash distributions	20,671	17,209
Recovery of investments	77,842	107,540
Net cash flows used in investing activities	(3,774)	(118,675)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in short term borrowings	(45)	(29,544)
Proceeds from issuance of long term debt	60,000	130,600
Repayment of long term debt	(38,801)	(10,523)
Repayment of capital lease obligations	(2,020)	(2,155)
Repayment of nonrecourse obligations	(1,309)	(452)
Dividends paid to stockholder	(4,778)	(7,684)
Net cash flows from financing activities	13,047	80,242
Net decrease in cash and cash equivalents	(801)	(15,374)
Cash and cash equivalents at the beginning of the year	16,187	23,039
Cash and cash equivalents at June 30	$ 15,386	$ 7,665

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1992 and 1991

1. General

The consolidated balance sheet at December 31, 1991 was derived from the audited financial statements at that date. All other consolidated financial statements are unaudited and include all adjustments, consisting only of normal recurring items except for the accounting changes discussed in Note 2, which management considers necessary for a fair statement of the consolidated results of operations and financial position for and as of the end of the indicated periods. Operating results for the three and six months ended June 30, 1992 are not necessarily indicative of the results that may be achieved for the entire year.

2. Accounting Changes

Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The Statement requires, among other things, that recognition of deferred income taxes be measured by the provisions of enacted tax laws in effect at the date of the financial statements. The cumulative effect of this accounting change on years prior to 1992 was a $13.0 million reduction in the Company's deferred tax liability. This reduction resulted in an increase in net income for the six months ended June 30, 1992 of $13.0 million.

Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which changed the accounting for postretirement benefits to the accrual method. The cumulative effect of this accounting change on years prior to 1992 was a $648,000 liability which resulted in a decrease in net income for the six months ended June 30, 1992.

3. Reclassifications

Certain amounts in the financial statements presented have been reclassified to conform prior years' data to the current presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Comparison of Six Months Ended June 30, 1992 to Six Months Ended June 30, 1991

GATX Capital Corporation's net income before the cumulative effect of accounting changes for the six months ended June 30, 1992, was $10,074,000 compared to $15,814,000 in the comparable period of 1991. This decrease is primarily attributable to a decrease in disposition gains, partially offset by an increase in lease income.

Total earned income was down $9,243,000 for the first six months of 1992 compared to the same period of 1991 principally due to the $10,422,000 decline in disposition gains. The Company achieved a record level of gains during 1991 due to the number of leases terminating during the year, combined with strong markets for certain types of rail equipment. The number of equipment and aircraft leases terminating in 1992 is significantly less than the number in 1991 resulting in a lower level of gains from disposition. Partially offsetting this decline was an increase in lease income of $4,441,000 which was primarily a result of the increase in the operating lease portfolio. Interest income decreased by $1,986,000 due in part to an increase in real estate loans on which income is not currently being recognized and the early repayment of an aircraft loan in late 1991. The $2,988,000 decrease in other income was due to a revenue adjustment recorded during the first quarter of 1992 and a non-recurring accrual for various fees and guarantees recorded in the second quarter of 1992. Both adjustments were related to the Company's investment in a cogeneration facility.

Total expenses were up $713,000 from the same period in the prior year. Interest expense increased $2,474,000 or 7.2%, due to higher average debt balances as average total investments grew 9.5%. Selling, general and administrative expenses decreased $2,336,000, or 11.2%, from the comparable period in 1991 due primarily to a decrease in headcount. Also contributing to the decrease was a non-recurring adjustment of $940,000 to insurance expense during the first quarter of 1992. The increase in operating lease expense is directly related to the growth in the operating lease portfolio.

The Company provided $10,000,000 for possible losses during the first six months of 1992 to bring the allowance for possible losses to $73,409,000, or 5.3% of total gross investments evidencing continuing uncertainty of future demand for freighter aircraft and the ongoing softness in certain real estate markets, particularly in Southern California.

Floating rate debt financing represented approximately 26.6% of the Company's capital structure at June 30, 1992. These borrowings support leases and loans tied to the "prime" or similar rates. At June 30, 1992, the Company had $15,669,000 more floating rate debt than floating rate assets.

Portfolio backlog at June 30, 1992 was $229,300,000. At June 30, 1992, the Company had a $250,000,000 shelf registration for Series B medium term notes under which $90,000,000 had been issued. The Company also had unused capacity under its two credit agreements of $69,100,000 at June 30, 1992.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

The company was not required to report any events pursuant to the instructions for Form 8-K for any of the three months ended June 30, 1992.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GATX CAPITAL CORPORATION

/s/ David M. Edwards
David M. Edwards
Senior Vice President -
Finance and Administration
Principal Financial Officer
and Director

August 12, 1992